

Function 550: Health

In Function 550, discretionary programs (programs subject to annual appropriations) include most federal programs that provide direct health care services, such as the Ryan White AIDS programs, Maternal and Child Health block grant programs, Substance Abuse and Mental Health Services Administration (SAMHSA), and Title X family planning services. Other health programs in the function fund national biomedical research, protect the health of the general population, protect workers in their places of employment, provide health services for under-served populations, and promote training for the health care workforce. The major mandatory programs in this function are Medicaid and the State Children's Health Insurance Program (S-CHIP).

Health Programs Subject to Annual Appropriations

Overall, the conference agreement on the Republican budget resolution provides \$34.8 billion for discretionary health programs for 2001, \$100 million less than the House resolution. This represents a modest increase in purchasing power of 0.9 percent for 2001 for these programs. Over five years (2001-2005), funding for appropriated health programs is \$178.9 billion, \$1.0 billion less than the House resolution. By 2005, purchasing power is cut slightly (1.2 percent).

Unlike the House resolution, the conference agreement does not contain explicit assumptions regarding the funding of any discretionary health programs. Given the modest increase in overall funding for this function, significant increases for any program, such as the National Institutes of Health (NIH), are likely to mean that there will be insufficient funds to preserve all other health programs at their current level of services.

- **National Institutes of Health (NIH)** — The conference agreement does not contain any specific increases for NIH. For 2001, the House resolution assumed NIH funding would increase by \$1.0 billion over the 2000 level. On the Senate floor, an amendment to the reported budget resolution was approved to add still more funding for NIH, resulting in an increase of \$2.7 billion over the 2000 level for 2001. The conference agreement deletes the additional funds added on the Senate floor and deletes all specific assumptions regarding increased funding for NIH.

For 1999 and 2000, Congress voted on a bipartisan basis to increase NIH funding by 15 percent per year. Many in Congress remain committed to doubling NIH funding by 2003 relative to the 1998 level. However, it will be difficult to maintain the increases required to double NIH's funding by 2003.

Because the conference agreement deletes the Senate funding increase, a 15 percent increase for NIH for 2001 (the amount necessary to keep NIH on track for doubling by 2003) is likely to mean that Congress must cut funding for other health programs. The overall increase provided in the conference agreement is not sufficient to boost NIH funding and maintain funding for other health programs at their current level of services. For 2000, NIH accounted for 53.3 percent of all discretionary health funding in this function.

- ***Alzheimer's Disease Clinical Training and Research Awards*** — The conference agreement deletes new funding included in the Democratic alternative resolution and the House resolution for research and clinical training for Alzheimer's disease. These funds were included in the House resolution during the House Budget Committee markup by Rep. Ed Markey (D-MA) and provided \$2.3 million for 2001 and \$11.3 million over five years (2001-2005).
- ***Other Health Programs*** — The conference agreement plan provides a modest increase in overall funding for health programs for 2001. However, if a significant increase for NIH is enacted as it has been for the last two years, the resulting level is insufficient to preserve all other health programs at their current level of services.
- ***Repeal of Obligation Delays*** — The conference agreement assumes enactment of legislation repealing several timing shifts contained in the 2000 Omnibus Appropriations bill. These changes, contained in the supplemental appropriations bill approved by the House on March 30, 2000, would repeal obligation delays in funds for the National Institutes of Health, the Centers for Disease Control and Prevention, the Health Resources and Services Administration, and the Substance Abuse and Mental Health Services Administration. The effect of repealing these provisions will shift a total of \$1.2 billion in outlays for those programs back to 2000.

Medicaid and the State Children's Health Insurance Program (S-CHIP)

- ***Reserve Fund for S-CHIP and Medicaid*** — The conference agreement on the Republican budget resolution includes a reserve fund increasing spending slightly for Medicaid and S-CHIP, by \$50 million for 2001 and by \$250 million over five years (2001-2005), relative to projections of current law. This reserve is about half the increase provided in the Democratic alternative resolution or the House resolution. These reserve funds may be released by the Budget Committee chairman of the House or Senate.

These increases were first proposed during the House Budget Committee markup by Rep. Tammy Baldwin (D-WI) and Rep. Ken Bentsen (D-TX) to expand access to affordable health insurance for vulnerable people. The reserve fund may be used for the following program improvements:

- 1) ***Accelerated Medicaid and S-CHIP Enrollment*** — The conference agreement: (a) allows additional sites to enroll children immediately (presumptive eligibility) in the programs; (b) allows sharing of school lunch eligibility information; and (c) requires states to simplify and align their Medicaid and S-CHIP enrollment processes; and
 - 2) ***Medicaid Cancer Treatment for Uninsured Women*** — The conference agreement includes a state option for Medicaid coverage and immediate eligibility for uninsured women who are diagnosed with breast or cervical cancer through the Centers for Disease Control's screening program.
- ***Disabled Children's Reserve Fund*** — Unlike the House resolution, the conference agreement includes a reserve fund for health programs designed to allow children with disabilities to obtain access to home health services and enable their parents to seek employment. The reserve allows increased spending of \$25 million for 2001 and \$150 million for 2001-2005.
 - ***Comparison with the Democratic Alternative*** — While the conference agreement increases Medicaid and S-CHIP by \$400 million over five years (2001-2005) relative to current law, the Democratic alternative increased these two programs by \$8.6 billion over the same period. This figure includes additional health insurance access initiatives, the restoration of benefits for some legal immigrants who lost coverage due to the welfare reform law of 1996, and the expansion of S-CHIP to cover some parents of children who are eligible for the Medicaid or S-CHIP programs. These initiatives grow to \$37.5 billion over ten years (2001-2010). In addition, the Democratic alternative included \$7.2 billion over five years (2001-2005) and \$21.4 billion over ten (2001-2010) for a new long-term care tax credit, although these costs are reflected as revenue losses.